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**FISCAL IMPACT STATEMENT**

**LS 7092**

**BILL NUMBER:** SB 481

**NOTE PREPARED:** Jan 25, 2011

**BILL AMENDED:** Jan 25, 2011

**SUBJECT:** Wind power device exemption.

**FIRST AUTHOR:** Sen. Hershman

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:**      **GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** (Amended) This bill specifies that a wind power device does not qualify for the assessed value deduction if it is owned or operated by a public utility or any other entity that provides electricity at wholesale or retail for consideration.

**Effective Date:** January 1, 2010 (retroactive).

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** (Revised) Current law provides a 100% deduction for the increase in value to real property as a result of a wind tower. The deduction is provided to the owner of real property or a mobile home that is equipped with the tower. Beginning with property taxes payable in 2011 under this bill, the deduction would not apply to wind devices owned or operated by a public utility or by another electricity wholesaler or retailer. The bill specifies that the new language clarifies, but does not change, the General Assembly's intent regarding the deduction.

At least one of the several entities that own wind power devices in Indiana has filed a deduction application for their property for taxes payable in 2011. The DLGF has taken the position that wind power devices owned by a these entities do not qualify for the deduction. While the final determination of eligibility under current law through available appeals is unknown, this bill would clarify that the property does not qualify

for the deduction.

If the property eventually qualifies under current law and if all of the entities that own wind towers file for the deduction, then the assessed valuation of the wind power devices would be removed from the tax rolls. Most wind projects have been granted abatements so most of their valuation has not yet been added to the tax base. The entity that has filed the deduction application does not have an abatement. The assessed value in question for this project for taxes payable in 2011 is \$59.3 M.

If the wind tower owners eventually would prevail and receive the deduction under current law, then this bill would have the effect of adding the wind power device assessments (minus allowed abatements) back into the tax base. The expanded tax base would shift a portion of the tax burden from all taxpayers to the owners of the wind power devices. The levies for rate-controlled funds would rise with the added valuation.

If, on the other hand, the wind tower owners do not prevail under current law, then this bill would have no effect other than to clarify the statute.

**State Agencies Affected:**

**Local Agencies Affected:** County auditors; Civil taxing units and school corporations.

**Information Sources:** Commission on State Tax and Financing Policy meeting minutes, October 21, 2010.

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